

LAW OFFICES

ROSS & HARDIES

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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RECORDATION NO. _____ Filed 1425

OCT 14 1987 - 2 22 PM

October 5, 1987

INTERSTATE COMMERCE COMMISSION

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D.C. 20423

No.

Date OCT 14 1987
Fee \$10.00

ICC Washington, D. C.

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are one original executed copy and one counterpart original of a Secured Credit Agreement, dated as of October 2, 1987, a primary document as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Debtor MLB Consulting Corp.
99 Cambridge Street
Burlington, Massachusetts 01803

Creditor Irving Trust Company
One Wall Street
New York, New York 10015

A description of the railroad equipment covered by the enclosed document is set forth in Schedule 1 attached hereto and made a part hereof.

Also enclosed is a check in the amount of \$10.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return a stamped copy of the enclosed document in the envelope provided to T. Stephen Dyer, Esq., Ross & Hardies, 150 North Michigan Avenue, Chicago, Illinois 60601.

Following is a short summary of the enclosed primary document:

ICC OFFICE OF
SECRETARY
OCT 14 1987
2 25 PM
FBI

Ms. Noreta R. McGee
October 5, 1987
Page 2

Secured Credit Agreement between MLB Consulting
Corp. (Debtor) and Irving Trust Company
(Creditor), dated October 2, 1987 and covering 11
locomotives owned by MLB Consulting Corp.

The equipment and identifying numbers are set forth on Schedule 1.

Very truly yours,


T. Stephen Dyer

TSD/lf
Enc.
cc: Robert W. Kleinman
Jeffrey Foreman

Schedule 1

<u>New Road Unit No.</u>	<u>Description</u>	<u>Road No.</u>	<u>Builder's Serial No.</u>
4001	EMD GP35/38 Refurbished and Qualified 129-Ton, 2000 HP Locomotive	MP2602	7694-4
4002	EMD GP35/38 Refurbished and Qualified 129-Ton, 2000 HP Locomotive	MP2603	7694-6
4003	EMD GP35/38 Refurbished and Qualified 129-Ton, 2000 HP Locomotive	MP2605	7694-8
4004	EMD GP35/38 Refurbished and Qualified 129-Ton, 2000 HP Locomotive	MP2608	To be supplied
4005	EMD GP35/38 Refurbished and Qualified 129-Ton 2000 HP Locomotive	MP2609	7706-7
4006	EMD GP35/38 Refurbished and Qualified 129-Ton 2000 HP Locomotive	MP2610	7706-9
4007	EMD GP35/38 Refurbished and Qualified 129-Ton 2000 HP Locomotive	MP2611	To be supplied
4008	EMD GP35/38 Refurbished and Qualified 129-Ton 2000 HP Locomotive	MP2612	7767-9
4009	EMD GP35/38 Refurbished and Qualified 129-Ton 2000 HP Locomotive	MP2613	7781-5
4010	EMD GP35/38 Refurbished and Qualified 129-Ton 2000 HP Locomotive	MP2614	7781-7
4011	EMD GP35/38 Refurbished and Qualified 129-Ton 2000 HP Locomotive	MP2616	7758-1

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

10/15/87

T. Stephen Dyer
Ross & Hardies
150 North Michigan Avenue
Suite 2500
Chicago, Illinois 60601

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 10/14/87 at 2:30pm, and assigned re-recording number(s) 15330

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

1 5330

RECORDATION NO. _____ Filed 1420

OCT 14 1987 -2 22 PM

INTERSTATE COMMERCE COMMISSION

SECURED CREDIT AGREEMENT
(REFURBISHMENT OF LOCOMOTIVES)

BETWEEN

MLB CONSULTING CORP.

AND

IRVING TRUST COMPANY

DATED AS OF OCTOBER 2, 1987

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SCHEDULE 1	Description of the Units (including road numbers)

SECURED CREDIT AGREEMENT
(REFURBISHMENT OF LOCOMOTIVES)

This SECURED CREDIT AGREEMENT dated as of the 2nd day of October, 1987, by and between MLB CONSULTING CORP., a Delaware corporation ("Borrower") and IRVING TRUST COMPANY ("Lender").

W I T N E S S E T H:

WHEREAS, the defined terms in Exhibit A annexed hereto are hereby incorporated herein;

WHEREAS, Borrower has acquired eleven (11) Units of EMD-GP35/38 locomotives (the "Units," with each of the Units individually referred to as a "Unit" and with all of the Units specifically described in Schedule 1 hereto) which are to be refurbished by the Borrower for resale;

WHEREAS, Borrower has requested Lender to extend credit to Borrower from time to time, on the terms and conditions set forth herein, in an aggregate principal amount not to exceed at any one time outstanding \$1,000,000 (which amount, or such lesser amount as may be from time to time advanced or outstanding hereunder, is hereinafter referred to as the "Credit"), such extension of credit to be evidenced by a Credit Note from the Borrower to the Lender in the form attached hereto as Exhibit B; and

WHEREAS, the Lender is willing to extend the Credit to Borrower subject and pursuant to the terms and conditions of this Agreement;

WHEREAS, Lender proposes to secure the Credit by Borrower's grant to Lender of a security interest in the Collateral (as hereinafter defined), all proceeds from the sale of the Collateral, and the Borrower's right, title and interest under and to a Purchase/Refurbishment Agreement, dated as of September 30, 1987, between the Borrower and Wilson Railway Corp. ("Wilson") and a Locomotive Purchase Agreement, dated September 1, 1987, between Wisconsin Central Ltd. ("Wisconsin Central") and Borrower.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

A. EXTENSION OF CREDIT

A.1. Extension of Credit. Subject to fulfillment of the conditions specified herein and subject to the provisions of Section A.7 regarding the Maximum Amount permitted to be advanced hereunder, Lender agrees to lend to Borrower from time to time under the terms and conditions of this Agreement and on the dates to be specified by Borrower by not less than three (3) days' prior written notice to Lender (the first such date being hereinafter referred to as the "Initial Closing Date" and any such succeeding date being hereinafter referred to as a "Funding Date") an amount not exceeding at any one time outstanding the lesser of (a) \$100,000 for each Unit then subject to the lien of

this Agreement (subject to further restrictions set forth herein) or (b) One Million Dollars (\$1,000,000) in aggregate principal amount for all such loans for all Units (the "Maximum Credit") and, provided further, that neither the Initial Closing Date nor any Funding Date can occur after December 15, 1987. On the Initial Closing Date, Borrower shall execute and deliver to Lender, to evidence the loans permitted to be made to Borrower on such date and advances to be made in the future, its promissory note (the "Credit Note") in substantially the form attached hereto as Exhibit B. The loans and advances evidenced by the Credit Note shall be repayable on such date and at such rate of interest as are set forth herein and in the Credit Note. Within the limits established by this Agreement, and subject to completion of the conditions precedent to borrowing set forth in Sections A.5 and A.6 hereof, Borrower may borrow, repay and reborrow at any one time or from time to time, so long as the Lender chooses to keep the Credit in effect and loan and reloan to Borrower.

Disbursements and repayments of the Credit shall be evidenced by endorsement on the Credit Note which will be payable, on December 15, 1987 and thereafter, on demand, and if no demand be made, then on February 15, 1988. The Lender, through its officers and employees, is authorized to endorse all disbursements and repayments of the Credit on the Credit Note and such endorsements, together with evidence of the corresponding credit or charge to the account of the Borrower maintained at the

Lender, shall be conclusive evidence of the from time to time principal balance of the Credit.

The Credit Note shall bear interest, on the unpaid principal amount outstanding from time to time thereunder prior to maturity, at a rate per annum equal to two percent (2%) in excess of the rate of interest per annum publicly announced from time to time by Irving Trust Company, New York, New York, as its prime rate of interest (the "Prime Rate"), said interest rate to change simultaneously with each change in the Prime Rate. After maturity, or commencing with the date five business days after demand for payment shall have been made hereunder, the Credit Note shall bear interest at a rate of interest per annum equal to four percent (4%) in excess of the Prime Rate. Interest shall be payable monthly on the first day of each month commencing November 1, 1987.

It is acknowledged and understood that anything herein to the contrary notwithstanding, commencing on and after December 15, 1987, the Credit Note is payable on demand without there being any condition precedent to the Lender making demand. Nothing in this Agreement or in the Credit Note or in any agreement related hereto shall in any manner be deemed to make the Credit Note payable on and after December 15, 1987 on any basis other than a demand basis. Failure by the Lender to exercise its demand privilege under the Credit Note at any given time or under given circumstances shall not be construed as a waiver by the Lender of its right to exercise said privilege at a later time under the same or similar circumstances.

A.2 Calculation of Interest; Prepayment Privilege.

Interest accruals on the Credit shall be calculated on the aggregate principal balance outstanding from time to time on the basis of the actual number of days elapsed over a year of 360 days.

The Credit Note may be prepaid at any time or from time to time in full or in part without penalty. Any prepayment shall include interest accrued on the amount prepaid to the date of prepayment. The Lender shall not be obligated to make additional advances on account of any prepayment.

A.3 Advances Respecting the Credit. No advance of the proceeds of the Credit will be made until all "Conditions Precedent to Extension of Credit" provided for in Section A.5 of this Agreement are satisfied.

Initial disbursements of the Credit may be made as permitted hereunder on the Initial Closing Date; provided, however, that all of the conditions set forth in Section A.6 hereof have been met.

Subsequent to the Initial Closing Date, disbursements regarding the Credit will be made at any time and from time to time as permitted in Section A.6 of this Agreement.

A.4 Facility Fee. In addition to all other amounts payable by the Borrower under this Agreement or the Credit Note, Borrower shall pay Lender on or before the Initial Closing Date, a non-refundable facility fee of Ten Thousand Dollars (\$10,000.00).

A.5. Conditions Precedent to Extension of Credit on Initial Closing Date. The availability of the Credit shall be subject to fulfillment of the following conditions to the satisfaction, in form and substance, of Lender and its counsel on the Initial Closing Date:

(a) On or prior to the Initial Closing Date, fully executed copies of the following documents shall have been delivered to each party thereto, with executed counterparts delivered to Lender:

- (i) this Agreement;
- (ii) the Credit Note in the maximum principal amount of \$1,000,000;
- (iii) the Bill of Sale, dated September 30, 1987, from Wilson to the Borrower, conveying the Units to the Borrower, together with copies of invoices for the purchase price of such Units;
- (iv) the Guaranty referred to in subsection A.5(b)(vii);
- (v) the Purchase/Refurbishment Agreement;
- (vi) the Locomotive Purchase Agreement;
and
- (vii) an Acknowledgment of Notice and Assignment by Wilson and an

Acknowledgment of Notice and Assignment by Wisconsin Central in the form of Exhibits C-1 and C-2 hereto, duly executed by Wilson and Wisconsin Central (the "Acknowledgments").

(b) On or prior to the Initial Closing Date, Lender shall have received:

- (i) certificates of such insurance as Borrower is required to maintain pursuant to this Agreement;
- (ii) certified copies of the appropriate proceedings of the board of directors of Borrower (a) authorizing and approving, as appropriate, this Agreement, the Credit Note, the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement and such other consents, instruments, security arrangements or additional and supplemental documentation as may be necessary or required now or in the future in connection with the transactions contemplated hereby and thereby contemplated herein and therein and (b) authorizing and approving, as appropriate, the execution, delivery and performance thereof by Borrower;

- (iii) certified copies of the corporate organizational documents (together with all amendments thereto) of Borrower together with such certificates of good standing, fictitious name registrations and the like as will enable the Lender to verify the organizational existence and good standing of Borrower and the validity of any licenses, permits, or approvals necessarily granted Borrower in the conduct of its business.
- (iv) a signed opinion, dated the Initial Closing Date of such legal counsel for Borrower as is acceptable to Lender, and in form and substance acceptable to Lender; and Lender shall have received such other opinions of counsel covering matters incidental to the transactions contemplated by this Agreement as Lender may reasonably request;
- (v) evidence of filing of this Agreement, the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement, and the Acknowledgments with the ICC pursuant to 49 U.S.C. §11303, together with search requests indicating that the Lender's

- security interest in the Units is a valid first priority security interest;
- (vi) such Uniform Commercial Code financing statements as may be required by the Lender in order to perfect the Lender's security interest in the Units, the Purchase/Refurbishment Agreement and the Locomotive Purchase Agreement together with Uniform Commercial Code search requests indicating that the Lender's security interest in the Units, the Purchase/Refurbishment Agreement and the Locomotive Purchase Agreement is a valid first priority security interest;
- (vii) a continuing unlimited guaranty (the "Guaranty") of the obligations of the Borrower hereunder and under the Credit Note executed by Richard A. Peters, President of the Borrower (the "Guarantor"), which Guaranty shall be in form and substance satisfactory to the Lender;
- (viii) current financial statements and/or other information as required by the Lender concerning the financial condition of Borrower and the Guarantor;

(ix) if funds are to be advanced under the Credit on the Initial Closing Date, the additional conditions of Section A.6 hereof shall have been met;

(x) a copy of the Bill of Sale, dated August 6, 1987, conveying the Units from Union Pacific Railroad Company to Wilson, together with copies of invoices for the purchase price of such Units;

(xi) such other approvals, certificates, agreements or other documents as Lender may reasonably request.

(c) The representations and warranties of Borrower contained herein and in any certificate delivered pursuant hereto shall be true and correct on and as of the Initial Closing Date with the same effect as though made on and as of the Initial Closing Date, and on the Initial Closing Date there shall be no default hereunder or under the Purchase/Refurbishment Agreement or the Locomotive Purchase Agreement, or the occurrence of any event which, but for the lapse of time or the giving of notice, or both, would constitute such a default; and Lender shall have received on or prior to the Initial Closing Date from Borrower certificates to such effect dated the Initial Closing Date and signed by an officer of Borrower;

(d) Lender shall have received such evidence of fulfillment of the foregoing conditions of this Section A.5

including, without limitation, certificates of officers of Borrower, public officials and others, as Lender or its counsel may reasonably require to establish to their satisfaction the fulfillment of such conditions.

(e) Lender's obligation to make the loan (i) shall not be prohibited by any applicable law or governmental regulation, including, without limitation, Regulation G, T, U or X of the Board of Governors of the Federal Reserve System, (ii) shall not subject Lender to any penalty or, in its reasonable judgment, other onerous condition under or pursuant to any applicable law or governmental regulation, and (iii) shall be permitted by the laws and regulations of the jurisdictions to which Lender is subject. If requested by Lender, Borrower shall have delivered to Lender factual certificates or other evidence reasonably available to Borrower, in form and substance satisfactory to Lender, to enable Lender to establish compliance with this condition, to the extent such compliance relates to the nature, condition, action or inaction of Borrower.

A.6. Conditions Precedent to Loan on Funding Date. The obligation of Lender to make loans hereunder up to the Maximum Amount permitted to be advanced hereunder (as set forth in Section A.7 hereof) on a Funding Date shall be subject to fulfillment of the following conditions to the satisfaction, in form and substance, of Lender and its counsel:

(a) On or prior to the Funding Date, the following documents shall have been delivered to Lender:

- (i) copies of invoices to Borrower from Wilson for the cost of materials and work completed by Wilson in connection with the Purchase/ Refurbishment Agreement, which invoices relate to the loan being requested on the Funding Date;
- (ii) a certificate and request signed by an authorized officer of the Borrower and directed to the Lender to the effect that
 - (A) the amounts set forth in the invoices from Wilson (as described in subparagraph A.5(a)(i) of this Agreement) are due and owing by the Borrower to Wilson and have not been included in a prior invoice by Wilson;
 - (B) the amount requested by the Borrower pursuant to the Certificate and Request is \$ _____, which is not greater than the aggregate amount of the invoices presented with the Certificate and Request multiplied by .55;
 - (C) the Borrower has previously paid, or will pay contemporaneously with the loan made by the Lender on the Funding Date, the difference between the aggregate amount of the invoices presented with the Certificate and Request and the loan amount requested in subclause (B) above (said amount being hereinafter referred to as the "Borrower's Payment");
 - (D) all amounts which have been the subject of prior invoices from Wilson have been paid in full;

(E) the aggregate principal amount previously borrowed by the Borrower under the Secured Credit Agreement, when added to the amount requested by the Certificate and Request, does not exceed the Maximum Amount permitted to be advanced hereunder (as set forth in Section A.7 of the Secured Credit Agreement);

(F) the Borrower is not in default with respect to any of its obligations under the Credit Note or the Secured Credit Agreement, nor has any event occurred, which, but for the lapse of time or the giving of notice, or both, would constitute such a default; and

(G) there has been no material adverse change in the business or condition of the Borrower, financial or otherwise, since the next preceding Funding Date.

(iii) if requested by Lender, additional evidence satisfactory to the Lender that 45% of the aggregate amount of the invoices described in subsection A.6(a)(i) above shall have been previously paid by the Borrower, or is being paid by Borrower contemporaneously with the loan requested by Borrower on the Funding Date;

(iv) if requested by the Lender, waivers from Wilson of any mechanics' or materialmen's liens with respect to the materials provided or work per-

formed in connection with the
invoices described in subparagraph
A.6(a)(i) above.

(b) On or prior to the Funding Date, Lender shall also have received such other approvals, certificates, agreements or other documents as Lender may reasonably request.

(c) The representations and warranties of Borrower contained herein and in any certificate delivered pursuant hereto shall be true and correct on and as of the Funding Date with the same effect as though made on and as of the Funding Date, and on the Funding Date there shall be no default under this Agreement, the Credit Note, the Purchase/Refurbishment Agreement or the Locomotive Purchase Agreement, or the occurrence of any event which, but for the lapse of time or the giving of notice, or both, would constitute such a default; and Lender shall have received on or prior to the Funding Date from Borrower certificates to such effect, dated the Funding Date, signed by an authorized officer of Borrower;

(d) Lender shall have received such evidence of fulfillment of the foregoing conditions of this Section A.6 including, without limitation, certificates of officers of Borrower public officials and others, as Lender or its counsel may reasonably require to establish to their satisfaction the fulfillment of such conditions.

(e) Lender's obligation to make the loan (i) shall not be prohibited by any applicable law or governmental regula-

tion, including, without limitation, Regulation G, T, U or X of the Board of Governors of the Federal Reserve System, (ii) shall not subject Lender to any penalty or, in its reasonable judgment, other onerous condition under or pursuant to any applicable law or governmental regulation, and (iii) shall be permitted by the laws and regulations of the jurisdictions to which Lender is subject. If requested by Lender, Borrower shall have delivered to Lender factual certificates or other evidence reasonably available to Borrower, in form and substance satisfactory to Lender, to enable Lender to establish compliance with this condition, to the extent such compliance relates to the nature, condition, action or inaction of Borrower.

(f) Upon satisfaction of the conditions precedent set forth in this Section A.6 to the satisfaction of the Lenders, the funds advanced under this Agreement will be sent by wire transfer of funds directly to Wilson.

A.7. Maximum Amount of Advances Permitted to be Made.

The Lender will advance amounts to the Borrower from time to time under this Agreement, up to the Maximum Amount (as defined below) permitted to be advanced hereunder, subject to completion of the conditions precedent required on the Initial Closing Date and any Funding Date, each as set forth in Sections A.5 and A.6 hereof. The "Maximum Amount" permitted to be advanced hereunder shall be the lesser of

(a) 55% of the dollar amount of invoices properly presented pursuant to Section A.6 hereof, up to a maximum equal

to (i) \$100,000 for each Unit then subject to the lien of this Agreement multiplied by (ii) the number of Units then subject to the lien of this Agreement, or

(b) an aggregate principal amount of \$1,000,000 outstanding at any one time.

A.8. Representations, Warranties and Covenants.

Borrower represents, warrants and covenants that:

(i) Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has full power and authority to own its property and carry on its business as currently conducted and is duly qualified to do business in such other jurisdictions in which the failure to so qualify would have a material adverse effect upon the financial condition of the Borrower;

(ii) Borrower is conducting its business in such a manner as to comply with all applicable laws and regulations of the United States of America, the several states and the District of Columbia and any subdivision of any thereof wherein Borrower is doing business and of all governmental agencies and authorities of any thereof having jurisdiction in the premises where the failure to so comply would have a material adverse effect on the business, present or prospective, or the operations, property, assets or condition, financial or otherwise, of Borrower;

(iii) Borrower has the full power and authority to execute, deliver and perform this Agreement, the Credit Note and the Purchase/Refurbishment Agreement;

(iv) This Agreement, the Purchase/Refurbishment Agreement and the Locomotive Purchase Agreement have each been duly authorized, executed and delivered by Borrower and assuming due authorization, execution and delivery by the other parties thereto, constitute the legal, valid and binding obligations of Borrower enforceable against it in accordance with their respective terms;

(v) The Credit Note has been duly authorized, executed and delivered by Borrower and constitutes the legal, valid and binding obligation of Borrower enforceable against it in accordance with the terms thereof, subject to the limitations as to enforceability contained therein;

(vi) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by Borrower of this Agreement, the Credit Note, the Locomotive Purchase Agreement, or the Purchase/Refurbishment Agreement except for the filing of this Agreement, the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement and the Acknowledgments with the ICC pursuant to 49 U.S.C. §11303 and the filing of Uniform Commercial Code financing statements with the appropriate local and State governmental authorities respecting the rights of the Lender in and to the Purchase/Refurbishment Agreement and the Locomotive Purchase Agreement;

(vii) Neither the execution, delivery or performance by Borrower of this Agreement, the Credit Note, the Purchase/

Refurbishment Agreement and the Locomotive Purchase Agreement, nor compliance with the terms and provisions thereof, conflicts or will conflict with or will result in a breach or violation of any of the terms, conditions or provisions of any law, governmental rule or regulation or the charter documents, as amended, or by-laws, as amended, of Borrower or any order, writ, injunction or decree of any court or governmental authority against Borrower or by which it or any of its properties is bound, or of any indenture, mortgage or contract or other agreement or instrument to which Borrower is a party or by which it or any of its properties is bound, or constitutes or will constitute a default hereunder or will result in the imposition of any lien not permitted hereby upon any of its properties;

(viii) Borrower has good, and lawful title to each Unit and the good and lawful right to assign the same to Lender as security for its obligations hereunder and under the Credit Note, free from all claims, liens, security interests and other encumbrances, except Permitted Encumbrances; when this Agreement is filed with the ICC, it will represent a valid first priority, perfected lien on and first priority, perfected security interest in the Units superior to the rights of all third persons; and to the best of Borrower's knowledge, all of such Units are in good condition and repair and adequate for the uses to which they are being put;

(ix) Upon delivery of an executed copy of the Purchase/Refurbishment Agreement and the Locomotive Purchase

Agreement to the Lender, and filing of Uniform Commercial Code financing statements with respect to the rights of the Lender in the Purchase/Refurbishment Agreement and the Locomotive Purchase Agreement with the appropriate state and local offices, the Lender will have a valid first priority, perfected lien on and first priority, perfected security interest in the contract rights of the Borrower in the Purchase/Refurbishment Agreement and the Locomotive Purchase Agreement superior to the rights of all third persons.

(x) Neither Borrower nor, to its knowledge, anyone acting on its behalf, has directly or indirectly offered the Credit Note, or similar securities relating to the Units, for sale to, or solicited any offer to acquire any of the same from, anyone other than Lender;

(xi) The execution and delivery by Borrower of this Agreement and the Credit Note will not involve any prohibited transaction within the meaning of ERISA or Section 4975 of the Code;

(xii) This Agreement, the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement and the Acknowledgments will be, on or prior to the Initial Closing Date, duly filed with the ICC pursuant to 49 U.S.C. §11303; the Purchase/Refurbishment Agreement and the Locomotive Purchase Agreement will be delivered to the Lender; and Uniform Commercial Code financing statements, with respect to the security interest of the Lender in the contract rights of the Borrower under the Purchase/Refurbishment

Agreement and the Locomotive Purchase Agreement, shall have been filed in the appropriate State and local governmental offices;

(xiii) Except for the filings referred to in paragraph (xii) hereof, there are no security agreements, financing statements or notices signed by Borrower on file in any appropriate public office naming Borrower as debtor and purporting to create or perfect a security interest in (a) the contract rights of the Borrower under the Purchase/Refurbishment Agreement and the Locomotive Purchase Agreement or (b) the Units, and no other filing, depositing or recordation is necessary (A) for the protection of the title of Borrower to the Units in any State of the United States of America or the District of Columbia or (B) for the perfection of the lien and security interest of Lender under this Agreement as against creditors of and purchasers from Borrower;

UNLESS THE PARTIES AGREE OTHERWISE,
(xiv) If the Borrower has not sold the Units to Wisconsin Central on or before 45 days after the date of this Agreement, it shall be obligated to market and sell, on substantially the same or better terms than those under the Locomotive Purchase Agreement, Units not sold to Wisconsin Central to a third party purchaser no later than 75 days after the date of this Agreement;

(xv) The Borrower will use its best efforts to market the Units at all times, and neither the Borrower nor any affiliates or subsidiaries thereof will sell or agree to sell any other locomotives until such time as the Borrower has binding commit-

ments from bona fide purchasers to purchase each of the Units, the refurbishment of which is being financed with funds advanced by the Lender pursuant to this Agreement;

(xvi) Without the prior written consent of the Lender, the Borrower will not amend or change in any other way, directly or indirectly, the terms of the Purchase/Refurbishment Agreement and the Locomotive Purchase Agreement; and

(xvii) All statements contained in any certificate, document, financial statement or other instrument delivered by or on behalf of Borrower pursuant to or in connection with this Agreement shall be deemed to constitute representations and warranties under Section A.6 of this Agreement. All of Borrower's representations and warranties under this Agreement shall survive the execution and delivery of the same, any investigation by Lender and the issuance of the Notes.

B. SECURITY

B.1. Grant of Security. (a) In order to secure the prompt payment of the principal outstanding from time to time of, and interest on, the Credit Note, any other obligations or indebtedness of the Borrower to the Lender and all other moneys payable and to be payable to Lender under this Agreement (collectively the "Indebtedness"), and the timely and faithful performance and observance by Borrower of all of the agreements, covenants and provisions contained in this Agreement and the Credit Note, Borrower has granted, conveyed, pledged, sold, mortgaged, assigned, transferred and set over a security

interest, and does hereby grant, convey, pledge, sell, mortgage, assign, transfer and set over a lien on and continuing security interest, unto Lender in (i) every Unit whether now owned or hereafter acquired; (ii) the Borrower's interest in accessions, accessories, equipment, appurtenances and replacement and added parts appertaining or attached to any of the Units hereinabove described, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any of said Units (the Units and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any of said Units described in items (i) and (ii) above being hereinafter sometimes collectively called the "Security Equipment"), together with all the rents, issues, income, profits, proceeds, products and avails therefrom and the proceeds thereof; (iii) all proceeds and all present and future evidences of rights to payments (including, without limitation, insurance and indemnity payments) due or to become due to Borrower on account of the sale, loss or other disposition of the Security Equipment; (iv) all rights, claims and causes of action, if any, which Borrower may have under the Purchase/Refurbishment Agreement or otherwise against Wilson or any other manufacturer, refurbisher, rebuilder or seller of the Security Equipment (or any component thereof) or any other party, by contract or otherwise, in respect of any defect in the Security Equipment; (v) the Purchase/Refurbishment Agreement, the Locomotive Purchase

Agreement and all documents relating to any sales of the Units (the "Bills of Sale"), including without limitation any bills of sale from Wilson and Wisconsin Central, together with all of Borrower's estate, right, title, interest, claims and demand in, to and under the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement and said Bills of Sale, including all extensions of any of the terms thereof, together with all rights, powers, privileges, options, and other benefits of Borrower, including without limitation the right to receive notices, give consents, exercise any election or option, declare defaults and demand payments under the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement and said Bills of Sale, and (vi) all damages and other moneys from time to time payable to or receivable by Borrower under the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement and said Bills of Sale (such Security Equipment, proceeds, rights, claims, and causes of action, the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement and the Bills of Sale described in items (i) through (vi) above being herein sometimes collectively called the "Collateral"), to have and to hold all and every part of the Collateral unto Lender, and its successors and assigns, for its and their own use and benefit forever;

(b) PROVIDED FURTHER, that it is expressly understood and agreed that the security interests hereby granted the Lender are continuing security interests and will not be deemed to have been extinguished or satisfied in whole or in part notwithstanding-

ing the fact that the Credit may be reduced from time to time or the fact that the Credit Note may not, at any particular time, evidence any actual indebtedness or the fact that there may be no obligations or Indebtedness outstanding at a particular time;

(c) PROVIDED FURTHER, and these presents are on the condition that, if Borrower, or its successors or assigns, shall pay or cause to be paid to Lender all of the Indebtedness in accordance with its terms, as provided in this Agreement and the Credit Note and shall well and faithfully perform and observe all of the agreements, covenants, and provisions hereof and thereof at the time and in the manner specified, then all rights herein assigned to Lender shall cease and terminate, all estate, right, title and interest of Lender in and to the Collateral shall revert to Borrower, and this Agreement and rights and powers granted herein and hereby shall cease to be binding and shall be of no further force and effect; and

(d) PROVIDED FURTHER, that, subject to the terms and provisions hereof and unless otherwise stated herein, Borrower may retain possession, use and enjoyment of the Collateral as long as no Default hereunder shall have occurred and be continuing.

The rights hereby assigned as security for the obligations of the Borrower under this Agreement include, but are not limited to (i) the right to receive all monies due and to become due to Borrower under all Bills of Sale, or other documents, for the sale of all or any of the Units and under the Locomotive

Purchase Agreement and the Purchase/Refurbishment Agreement, (ii) the right to perform the Purchase/Refurbishment Agreement, (iii) the right to re-assign the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement and the Bills of Sale, (iv) the right to have a nominee of the Borrower or the Lender or any other assignee perform the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement and the Bills of Sale, all without resulting in the assumption of any obligations of the Borrower under the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement or the Bills of Sale by the Lender, any other assignee or any nominees, except such obligations which are expressly assumed in writing by the Lender, any other assignee or any nominee, (v) the right to make demand directly upon Wilson under the Purchase/Refurbishment Agreement, upon Wisconsin Central under the Locomotive Purchase Agreement or third party purchasers under the Bills of Sale for all monies due and payable to Borrower thereunder and the right to initiate, prosecute and maintain legal proceedings directly against Wilson under the Purchase/Refurbishment Agreement, against Wisconsin Central under the Locomotive Purchase Agreement, or third party purchasers under the Bills of Sale to compel the payment by such parties of any and all monies due and payable under, and to compel performance by such parties of any of their respective obligations contained in, the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement or any of the Bills of Sale.

B.2. Lender as Agent. Subject to Section B.1 hereof, Borrower hereby appoints Lender, and its successors and assigns, the true and lawful attorney of Borrower, irrevocably and with full power of substitution, in the name of Borrower or otherwise, to demand, receive, compromise, sue for, and give acquittance for, any and all rentals, profits, moneys and claims for money due and to become due with respect to the Collateral, or otherwise arising out of this Article B, to endorse any checks or other instruments or orders in connection therewith, to make all waivers and agreements and to file any claims or take any actions or institute any proceedings with respect thereto which Lender may deem reasonably necessary or advisable. Anything herein contained to the contrary notwithstanding, neither Lender nor its nominee or assignee shall have any obligation or liability by reason of or arising out of this Article B to make any inquiry as to the nature or sufficiency of, to present or file any claim with respect to, or to take any action to collect or enforce the payment of, any amount to which it may be entitled at any time or times by virtue of this Article B.

B.3. Perfecting Security. Borrower hereby represents and warrants that as of the Initial Closing Date (and after giving effect to any filings which Lender has advised Borrower it has previously made) all recordings and filings shall have been made which are necessary or appropriate to perfect Lender's interest in the Collateral, including, without limitations, recordings and filings with the ICC, and that no other filings,

recordings, depositing or giving of notice is necessary in order to protect the rights of Lender in and to the Collateral. Borrower shall, from time to time and at its own expense, promptly execute, acknowledge, witness, deliver and file and/or record, or procure the execution, acknowledgment, witnessing, delivery and filing and/or recordation of, such documents or instruments, and shall take or cause to be taken such other actions, as Lender may reasonably request for the perfection against Borrower and all third parties whomsoever of the security interest created by this Article B, of the rights and powers herein granted to Lender and for the continuation and protection thereof and promptly give to Lender evidence satisfactory to Lender of such delivery and filing and/or recording. Without limiting the generality of the foregoing, Borrower shall from time to time and at any time execute, acknowledge, witness and deliver such financing and continuation statements, notices and additional security agreements, make such notations on its records and take such other action as Lender may reasonably request for the purpose of so perfecting, maintaining and protecting such security interest of Lender, and shall cause this Agreement and each such financing and continuation statements, notices and additional security agreements to be filed or recorded in such manner and in such places as may be required by applicable law and as Lender may reasonably request for such purpose. Borrower hereby authorizes Lender to effect any filing or recording which Lender has requested pursuant to this Sec-

tion B.3 without the signature of Borrower to the extent permitted by applicable law. The costs and expenses of Lender with respect to such actions shall be payable by Borrower on demand.

B.4. After-Acquired Property. Any and all property described or referred to in Section B.1 hereof which is hereafter acquired shall, without any further conveyance, assignment or act on the part of Borrower or Lender, become and be subject to the security interest herein granted as fully and completely as though specifically described herein. Borrower shall, at its expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired.

B.5. Performance by Lender. The assignment of the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement and the Bills of Sale hereunder is made only as further security, and shall not subject Lender to liability under, or transfer, pass, or in any way affect or modify the liability of the Borrower under the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement and the Bills of Sale, it being understood and agreed that, notwithstanding such assignment or any subsequent assignment, (i) all obligations of Borrower under the Purchase/Refurbishment Agreement shall be and remain enforceable by Wilson, its successors and assigns, (ii) all obligations of Borrower under the Locomotive Purchase Agreement

shall be and remain enforceable by Wisconsin Central, its successors and assigns, and (iii) all obligations of Borrower under the Bills of Sale shall be and remain enforceable by the purchaser under the Bills of Sale, their respective successors and assigns, in each case against, and only against, Borrower. Nevertheless, Lender may, at any time and from time to time at its option, upon prior written notice to Borrower, perform any act which is undertaken by Borrower to be performed by Borrower under the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement and the Bills of Sale, or hereunder, but which Borrower shall fail to perform, and, in such case, may take any other action which Lender may deem necessary for the maintenance, preservation or protection of its security interest in the Collateral. All moneys advanced and all expenses (including legal fees) incurred by Lender in connection with such action together with interest at the Default Interest Rate shall be repaid by Borrower to Lender upon demand, and shall be secured hereby as provided herein.

B.6. Protection of Security. Borrower shall not:

(a) permit any of the Collateral to be levied upon under legal process or to fall under any other lien or encumbrance of whatever nature arising as a result of claims against Borrower, except Permitted Encumbrances;

(b) except with the prior written consent of Lender and upon the terms and conditions, if any, specified in such consent, sell, assign (including by virtue of assignments by operation of

law), mortgage, pledge or otherwise transfer or encumber any of the Collateral, or take any action which would permit any party other than Lender to perfect any security interest in the Collateral, whether for purchase money or otherwise.

B.7. Indemnity for Acts of Borrower. Borrower covenants and agrees with Lender that in any suit, proceeding or action brought or taken by Lender under the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement, the Bills of Sale or this Agreement to enforce any provisions of this Agreement or the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement or the Bills of Sale, Borrower will save, indemnify and keep Lender harmless from and against all expense (including legal fees), loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever arising out of a breach by Borrower of any obligation under the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement, the Bills of Sale or arising out of any other indebtedness or liability at any time owing to Wilson or its successors by Borrower. Any and all such obligations of Borrower shall be and remain enforceable against and only against Borrower and shall not be enforceable against Lender.

B.8. Notices under the Purchase/Refurbishment Agreement and Other Agreements. Borrower shall cause copies of all notices received or sent by it in connection with the Purchase/Refurbishment Agreement, the Locomotive Purchase Agreement or the Bills of Sale to be promptly delivered to Lender

at Lender's address below. Lender will give Borrower notice of any claim, of which Lender has actual knowledge, by Wilson or its successors or assigns, Wisconsin Central or its successors and assigns, or third party purchasers under the Bills of Sale against Borrower, which if successful, would result in Borrower liability under Section B.10 hereof, and will permit Borrower to intervene in any such proceedings.

B.9. Taxes. Borrower will pay all taxes in connection with the issuance, sale or delivery of the Credit Note and the execution and delivery of this Agreement and any other agreements and instruments contemplated hereby, and any modification of the Credit Note, this Agreement or such other agreements and instruments, and will save Lender harmless, without limitation as to time, against any and all liabilities with respect to all such taxes. Borrower will also pay all other taxes, assessments or charges which may be levied on the Credit Note or interest thereon, except any income tax imposed under the laws of the United States of America or of any foreign country, and will save the Lender harmless, without respect to all such taxes, assessments or charges. The obligations of the Borrower under this Section B.12 shall survive the payment or prepayment of the Credit Note and the termination of this Agreement.

B.10. Disclaimer by Lender. Lender makes no representations or warranties with respect to the Collateral or any part thereof; Lender shall not be chargeable with any obligations or liabilities of Borrower with respect thereto; and Lender shall

have no liability or obligation arising out of any such claims, known or unknown, with respect to the Collateral.

B.11. Sale of Units; Release of Security Interest With Respect to Units Sold. The Borrower agrees to cause each purchaser of a Unit to remit the sale price for each Unit directly to the Lender to be applied as follows:

- (a) first, to the payment of all fees, costs and expenses due under this Agreement or the Credit Note at the time of sale of a Unit;
- (b) second, to the payment of all interest accrued under this Agreement and the Credit Note through the date of sale of a Unit;
- (c) third, to the payment of outstanding principal due under this Agreement and the Credit Note up to a maximum of \$170,000 for each Unit sold; and
- (d) fourth, the remainder to the Borrower, so long as no event of default under Article C of this Agreement and no default under the Credit Note has occurred and is continuing.

The Lender agrees to accept such payments and to apply such amounts as set forth above, provided, however, that application of payments made in respect of sold Units shall not limit the Borrower from borrowing the Maximum Amount permitted to be advanced hereunder, as set forth in Section A.7 hereof. Promptly upon receipt of payment in funds immediately available to the Lender in the City of New York, New York, and provided that no

default under the Credit Note or event of default hereunder has occurred and is continuing, the Lender agrees that it will (a) execute and deliver a release of its right, title and interest in the Unit which has been sold and for which it has received payment in immediately available funds and (b) cause appropriate termination statements to be filed with the appropriate governmental agencies to evidence the Lender's release of its security interest in and lien on such Unit.

C. DEFAULT

C.1. Defaults. The following events are defaults hereunder:

(a) Borrower shall fail to pay the principal of or interest on the Credit Note within five (5) days after the same shall be due and payable, whether at the due date thereof, on demand, by acceleration, as part of a prepayment or otherwise;

(b) Borrower shall default in performance of its obligations under this Agreement and such default shall continue for ten (10) days after written notice thereof to Borrower from Lender;

(c) Any representation or warranty on the part of Borrower made herein or in any report, certificate, financial or other statement furnished in connection with this Agreement or the transactions contemplated herein shall prove to have been false or misleading in any material respect when made;

(d) Borrower shall fail to make any payment due under, or otherwise fail to perform or observe any provision of, any

guaranty or any loan agreement, reimbursement agreement, lease, note, conditional sale agreement, mortgage, indenture, deed of trust or other document or instrument evidencing any indebtedness or other obligation for borrowed money.

(e) Any claim, lien or charge shall be asserted against or levied or imposed upon the Collateral which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed, or bonded against to the reasonable satisfaction of the Lender, within ten (10) days after written notice from the Lender to the Borrower demanding the discharge or removal thereof;

(f) The Borrower shall (i) file, or consent to the filing against it of a petition for relief under any bankruptcy or insolvency laws, (ii) make an assignment for the benefit of creditors, (iii) consent to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other official with similar powers over the Borrower or a substantial part of its property, or (iv) take corporate action for the purpose of any of the foregoing; or

(g) A court having jurisdiction over the Borrower or its property shall enter a decree or order in respect of the Borrower or such property in an involuntary case under any bankruptcy or insolvency law, or shall appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator, or official with similar powers over the Borrower or any such property, or shall order the winding-up or liquidation of the

affairs of the Borrower, and such order or decree shall continue in effect for a period of sixty (60) consecutive days.

C.2. Effect of a Default.

(a) Remedies. Upon the occurrence of any Default and at any time thereafter so long as the same shall be continuing, but subject always to any mandatory requirements of applicable law then in effect, Lender may, at its option, do any one or more or all of the following acts, as Lender in its sole and complete discretion may then elect:

(i) by written notice to Borrower declare the entire principal amount of the Credit Note and all other amounts payable under this Agreement to be immediately due and payable, whereupon the Credit Note and all other amounts payable under this Agreement shall become due and payable, both as to outstanding principal and accrued interest, without presentment, demand or protest of any kind, all of which are hereby expressly waived, anything contained herein or in the Credit Note to the contrary notwithstanding;

(ii) exercise all rights and remedies of Borrower under the Purchase/Refurbishment Agreement and/or the Locomotive Purchase Agreement, and Borrower shall have no further rights thereunder until the security interest granted hereunder reverts to Borrower;

(iii) institute legal proceedings to foreclose upon and against the security interest granted herein to recover judgment for all amounts then due and owing hereunder and under the Credit Note and this Agreement;

(iv) institute legal proceedings for the sale, under the judgment or decree of any court of competent jurisdiction, of any of the Collateral;

(v) institute legal proceedings for the appointment of a receiver or receivers pending foreclosure hereunder or the sale of any of the Collateral under the order of a court of competent jurisdiction or under other legal process;

(vi) personally, or by agents or attorneys, enter into and upon any premises wherein the Collateral or any part thereof may then be located, and take possession of all or any part thereof or render it unusable, and, without being responsible for loss or damage, hold, store and keep idle, or operate, lease or otherwise use or permit the use of the same or any part thereof for such time and upon such terms as Lender may determine, in a commercially reasonable manner;

(vii) personally, or by agents or attorneys, enter into and upon any premises wherein the Collateral or any part thereof may then be located, and take possession of all or any part thereof with or without process of law and without being responsible for loss or damage and sell or dispose of all or any part of the same, free from any and all claims of Borrower or of any other party claiming by, through or under Borrower at law, in equity or otherwise, at one or more public or private sales, in such place or places, at such time or times and upon such terms as Lender may determine, in a commercially reasonable manner with or without any previous demand on or notice to Borrower or adver-

tisement of any such sale or other disposal, except that Lender shall provide Borrower with at least ten (10) days prior notice of such sale by certified mail, return receipt requested; and for the aforesaid purposes, all other notice of sale, advertisement and demand and any right or equity of redemption otherwise required by, or available to Borrower under, applicable law are hereby waived by Borrower to the fullest extent permitted by applicable law; the power of sale hereunder shall not be exhausted by one or more sales, and Lender may from time to time adjourn any sale to be made hereunder;

(viii) demand, collect, and retain all rentals, earnings and all other sums due and to become due pursuant to subsections (vi) or (vii) of this Section C.2(a) from any party whomsoever, accounting only for net earnings arising after charging against all receipts from the use of or sale of the Collateral, all costs and expenses of, and damages or losses by reason of, such use or sale power;

(ix) if and to the extent the Default results from a breach by Borrower of any representation, warranty or covenant of Borrower contained herein, institute legal proceedings against Borrower to enforce performance of the applicable covenant of Borrower or to recover damages for the breach of any such representation, warranty or covenant; and

(x) exercise any other right, power, privilege or remedy which may be available to a secured party under the Uniform Commercial Code or any other applicable law.

(b) Notice. If Lender must give prior notice to Borrower of any of the foregoing acts, Borrower hereby covenants and agrees that a notice sent to it in writing by certified mail, return receipt requested, at least ten (10) business days before the date of any such act (or such longer period as may be required by applicable law), at its address provided hereunder shall be deemed to be reasonable notice of such act and, specifically, reasonable notification of the time and place of any public sale hereunder and the time after which any private sale or other intended disposition is to be made hereunder.

(c) Application of Proceeds. The proceeds from the sale of the Collateral pursuant to any of the provisions of this Section C.2 shall be applied by Lender as follows:

(i) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and reasonable attorneys' fees, incurred or made hereunder by the Lender, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(ii) Second, to the payment to the Lender of the amounts of outstanding principal and accrued interest unpaid on the Credit Note the Credit Note and other amounts payable under this Agreement; and in case such proceeds shall be insufficient to pay in full the amount unpaid on the Credit Note and this Agreement, then ratably according to the aggregate of such

principal and the accrued and unpaid interest, if any, with application to be made first to the unpaid interest the Credit Note, and thereafter to the unpaid principal and other amounts payable under this Agreement; and

(iii) Third, to the payment of the surplus, if any, to the Borrower, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

C.3. Waiver by Borrower. To the fullest extent that it may lawfully so agree, Borrower shall not at any time insist upon, claim, plead, or take any benefit or advantage of, any appraisal, valuation, stay, extension, moratorium, redemption or any similar law now or hereafter in force in order to prevent, delay or hinder the enforcement of this Agreement or the absolute sale of any part or all of the Collateral or the possession thereof by any purchaser at any sale pursuant to Section C.2 above; and Borrower, for itself and all who may claim through it, as far as it or they now or hereafter lawfully may so do, hereby waives the benefit of all such laws and all right to have the Collateral marshalled upon any foreclosure hereof, and agrees that any court having jurisdiction to foreclose under this Agreement may order the sale of the Collateral as an entirety.

C.4. Right to Purchase Collateral. At any sale pursuant to Section C.2 hereof, Lender or its agent may, to the extent permitted by applicable law, bid for and, if Lender is the highest bidder, purchase the Collateral offered for sale, may use any claim for amounts owed to it under this Agreement or the

Credit Note as a credit against the purchase price and, upon compliance in full with the terms of such sale, may hold, retain and dispose of such property without further accountability therefor to Borrower or any other party.

C.5. Cumulative Rights. Each right, power and remedy herein specifically granted to Lender or otherwise available to it shall be cumulative, and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or otherwise; and each right, power and remedy, whether specifically granted herein or otherwise existing, may be exercised, at any time and from time to time, as often and in such order as may be deemed expedient by Lender in its sole and complete discretion; and the exercise or commencement of exercise of any right, power or remedy shall not be construed as a waiver of the right to exercise, at the same time or thereafter, the same or any other right, power or remedy. No delay or omission by Lender in exercising any such right or power, or in pursuing any such remedy, shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of Borrower or an acquiescence therein. No waiver by Lender of any breach or default of or by Borrower under this Agreement shall be deemed to be a waiver of any other or similar, previous or subsequent breach or default.

D. MISCELLANEOUS

D.1. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrower, Lender and their respective successors and assigns, provided that Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of Lender.

D.2. Governing Law, Amendments, and Counterparts. The terms of this Agreement and all rights and obligations of the parties hereto shall be governed by the laws of the State of New York. Such terms, rights and obligations may not be changed orally, but may be changed only by an agreement in writing signed by the party against whom enforcement of such change is sought. This Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts, but all of such counterparts shall together constitute a single instrument.

D.3. Fees and Expenses. The Borrower agrees to pay all of Lender's reasonable out-of-pocket expenses relating to the negotiation, execution, delivery and preparation of this Agreement and the Credit Note, including recording costs and filing fees in respect of documents filed or recorded with the ICC and in appropriate state and local filing offices with respect to UCC filings, and the reasonable fees and disbursements of Ross & Hardies, special counsel for the Lender; provided, however, that prior to an Event of Default hereunder Borrower shall not be required to pay any charge imposed by Lender for the time of Lender's in-house counsel.

D.4. Notices. All notices and other communications provided for hereunder shall be in writing (including telegraphic communication) and mailed or telegraphed or delivered:

if to Borrower, at its address at

99 Cambridge Street
Burlington, Mass. 0183
Attention: Richard Peters

and if to Lender, at its address at

Irving Trust Company
One Wall Street
New York, N.Y. 10015
Attention: Transportation Department

with copies to:

Robert W. Kleinman, Esq.
Ross & Hardies
150 N. Michigan Avenue
Suite 2500
Chicago, Illinois 60601

All such notices shall be deemed given upon delivery to an officer of Borrower or Lender, as the case may be, or forty-eight hours after deposit into the United States mail, certified mail, return receipt requested, postage prepaid and addressed to the address indicated herein for such party or to such other address as such party may designate in writing pursuant hereto.

D.5. Survival. All warranties, representations, agreements and covenants made by Borrower herein or in any certificate or other instrument delivered by Borrower shall be considered to have been relied upon by Lender hereto and shall survive the consummation of the transactions contemplated hereby regardless of any investigation made by Lender or on behalf of Lender. All statements in any such certificate or other instrument shall

constitute warranties and representations by Borrower to the same effect as if set forth herein.

D.6. Headings and Tables of Contents. The headings of the sections of this Agreement and the Table of Contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

D.7. Entire Agreement. This Agreement, together with the Credit Note and the Guaranty, is intended by the parties as a final expression of their agreement and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, together with the Credit Note and the Guaranty, supercedes all prior agreements and understanding between the parties with respect to such subject matter.

D.8. Attorneys' Fees. In any action or proceeding brought to enforce any provision of this Agreement or the Credit Note, or where any provision hereof or thereof is validly asserted as a defense, the successful party shall be entitled to recover reasonable attorneys' fees in addition to any other available remedy.

D.9. Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in

any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected, it being intended that all of the Lender's rights and privileges shall be enforceable to the fullest extent permitted by law.

D.10. No Additional Waiver Implied by One Waiver. In the event any covenant, condition or agreement contained in this Agreement should be breached by either party and thereafter be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

D.11. Reproduction of Documents. This Agreement and all documents relating hereto including, without limitation, (a) consents, waivers and modifications which may hereafter be executed, (b) documents received on or as of the Initial Closing Date or any Funding Date, and (c) financial statements, certificates and other information previously or hereafter furnished to any party hereto, may be reproduced by such party by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process and such party may destroy any original document so reproduced, all at the cost of such party. The parties hereto agree and stipulate that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was

made in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

IN WITNESS WHEREOF, the parties hereto have executed this Secured Credit Agreement as of the date first written above.

MLB CONSULTING CORP., Borrower

By

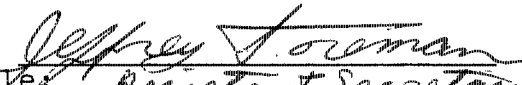
Title:


PRESIDENT

IRVING TRUST COMPANY, Lender

By

Title:


Assistant Secretary

STATE OF New York)
COUNTY OF New York)

SS.

On this 2nd day of October, 1987, before me personally appeared JEFFREY FOREMAN to me personally known, who being by me duly sworn, says that he is the ASSISTANT SECRETARY of IRVING TRUST COMPANY, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

A. Gary Chace
Notary Public

A. GARY CHACE
Notary Public, State of New York
No. 60-0608925 Qual. in Westchester Co.
Certificate filed in New York County
Commission Expires 12/31/89

(SEAL)

My commission expires:

STATE OF New York)
COUNTY OF New York)

SS.

On this 2nd day of October, 1987, before me personally appeared RICHARD A. PETERS, to me personally known, who being by me duly sworn, says that he is the PRESIDENT of MLB CONSULTING CORP., that said instrument was signed on behalf of said Corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

A. Gary Chace
Notary Public

A. GARY CHACE
Notary Public, State of New York
No. 60-0608925 Qual. in Westchester Co.
Certificate filed in New York County
Commission Expires 12/31/89

(SEAL)

My commission expires:

EXHIBIT A
DEFINED TERMS

The terms defined in the Loan where used therein shall have the same meanings as set forth herein unless the context otherwise requires.

"Bills of Sale" shall have the meaning set forth in Section B.1 hereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Credit Note" shall have the meaning set forth in Section A.1 hereof.

"Default" shall mean any of the defaults described in Section C.1 hereof.

"Default Interest Rate" shall mean that rate of interest equal to four percent (4%) in excess of the Prime Rate.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ICC" shall mean the Interstate Commerce Commission or any successor organization.

"Locomotive Purchase Agreement" shall mean the Locomotive Purchase Agreement, dated September 1, 1987, between Wisconsin Central Ltd. and MLB Consulting Corp.

"Maximum Amount" shall have the meaning set forth in Section A.7 hereof.

"Maximum Credit" shall have the meaning set forth in Section A.1 hereof.

"Permitted Encumbrances" shall mean with respect to the Units: (i) the security interest created by this Agreement; (ii) liens for taxes either not yet due or being contested in good faith and by appropriate proceedings diligently conducted so long as such proceedings shall stay the enforcement thereof and the sale or forfeiture of the Unit or any part thereof or interest therein and (iv) undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or employees' liens or other like liens arising in the ordinary course of business and securing obligations which are not delinquent or which shall have been bonded or the enforcement of which shall have been suspended (but only for the duration of such suspension).

"Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by Irving Trust Company, New York, New York as its prime rate of interest, as in effect from time to time.

"Purchase/Refurbishment Agreement" shall mean the Purchase/Refurbishment Agreement, dated as of September 30, 1987, between the Borrower and Wilson Railway Corp.

CREDIT NOTE

\$1,000,000.00

New York, New York
October 2, 1987

FOR VALUE RECEIVED, and on demand on and after December 15, 1987, or if no demand be made then on February 15, 1988, undersigned, MLB Consulting Corp., a Delaware corporation, promises to pay to the order of Irving Trust Company in New York, New York, the principal sum of One Million Dollars (\$1,000,000.00), or such lesser amount as may at the time of maturity or demand be outstanding hereunder and endorsed on the Advances and Payments Grid attached hereto as Exhibit A.

The undersigned also promises to pay interest on the principal amount advanced hereunder outstanding from time to time and evidenced hereby from the date or dates of such principal advances prior to maturity or demand at a rate of interest equal to two percent (2%) in excess of the rate of interest publicly announced from time to time by Irving Trust Company as its prime rate of interest (the "Prime Rate") and after maturity or demand at a rate which is four percent (4%) per annum in excess of the Prime Rate. Interest shall be payable on the first day of each month prior to demand of the holder hereof commencing November 1, 1987 and on the day that the unpaid balance hereof is payable in full. If any payment due on this Note is payable on a Saturday, Sunday or a day which is a legal holiday in the State of New York, then such payment will be made on the next succeeding business day, the amount of such payment, in such case, to include all interest paid to the date of actual payment.

The rate of interest payable upon this note shall change simultaneously with each change in the Prime Rate and interest shall be calculated on the basis of the actual number of days elapsed over a year of 360 days.

This note is the "Credit Note" issued pursuant and referred to in a certain Secured Credit Agreement dated as of October 2, 1987, between the undersigned and Irving Trust Company, and is secured as provided therein, and reference is made to said Secured Credit Agreement for the rights and obligations of the undersigned as to prepayment.

If this Note shall not be paid at maturity or demand and shall be placed in the hands of an attorney for collection, the undersigned hereby promises to pay the reasonable fees and expenses of such attorney in addition to the full amount due hereon, whether or not litigation shall be commenced.

Demand for payment, protest and notice of dishonor are hereby waived by all who are or shall become parties to this instrument.

MLB CONSULTING CORP.

By _____
Richard A. Peters, President

Advances and Payments Grid

BORROWER MLB CONSULTING CORP. LOAN NO. _____

MATURITY	DEMAND ON AND AFTER DECEMBER 15, 1987
1-3 MONTHS	100%
3-6 MONTHS	100%
6-12 MONTHS	100%
12-18 MONTHS	100%
18-24 MONTHS	100%
24-30 MONTHS	100%
30-36 MONTHS	100%
36-42 MONTHS	100%
42-48 MONTHS	100%
48-54 MONTHS	100%
54-60 MONTHS	100%
60-66 MONTHS	100%
66-72 MONTHS	100%
72-78 MONTHS	100%
78-84 MONTHS	100%
84-90 MONTHS	100%
90-96 MONTHS	100%
96-102 MONTHS	100%
102-108 MONTHS	100%
108-114 MONTHS	100%
114-120 MONTHS	100%
120-126 MONTHS	100%
126-132 MONTHS	100%
132-138 MONTHS	100%
138-144 MONTHS	100%
144-150 MONTHS	100%
150-156 MONTHS	100%
156-162 MONTHS	100%
162-168 MONTHS	100%
168-174 MONTHS	100%
174-180 MONTHS	100%
180-186 MONTHS	100%
186-192 MONTHS	100%
192-198 MONTHS	100%
198-204 MONTHS	100%
204-210 MONTHS	100%
210-216 MONTHS	100%
216-222 MONTHS	100%
222-228 MONTHS	100%
228-234 MONTHS	100%
234-240 MONTHS	100%
240-246 MONTHS	100%
246-252 MONTHS	100%
252-258 MONTHS	100%
258-264 MONTHS	100%
264-270 MONTHS	100%
270-276 MONTHS	100%
276-282 MONTHS	100%
282-288 MONTHS	100%
288-294 MONTHS	100%
294-300 MONTHS	100%
300-306 MONTHS	100%
306-312 MONTHS	100%
312-318 MONTHS	100%
318-324 MONTHS	100%
324-330 MONTHS	100%
330-336 MONTHS	100%
336-342 MONTHS	100%
342-348 MONTHS	100%
348-354 MONTHS	100%
354-360 MONTHS	100%
360-366 MONTHS	100%
366-372 MONTHS	100%
372-378 MONTHS	100%
378-384 MONTHS	100%
384-390 MONTHS	100%
390-396 MONTHS	100%
396-402 MONTHS	100%
402-408 MONTHS	100%
408-414 MONTHS	100%
414-420 MONTHS	100%
420-426 MONTHS	100%
426-432 MONTHS	100%
432-438 MONTHS	100%
438-444 MONTHS	100%
444-450 MONTHS	100%
450-456 MONTHS	100%
456-462 MONTHS	100%
462-468 MONTHS	100%
468-474 MONTHS	100%
474-480 MONTHS	100%
480-486 MONTHS	100%
486-492 MONTHS	100%
492-498 MONTHS	100%
498-504 MONTHS	100%
504-510 MONTHS	100%
510-516 MONTHS	100%
516-522 MONTHS	100%
522-528 MONTHS	100%
528-534 MONTHS	100%
534-540 MONTHS	100%
540-546 MONTHS	100%
546-552 MONTHS	100%
552-558 MONTHS	100%
558-564 MONTHS	100%
564-570 MONTHS	100%
570-576 MONTHS	100%
576-582 MONTHS	100%
582-588 MONTHS	100%
588-594 MONTHS	100%
594-600 MONTHS	100%
600-606 MONTHS	100%
606-612 MONTHS	100%
612-618 MONTHS	100%
618-624 MONTHS	100%
624-630 MONTHS	100%
630-636 MONTHS	100%
636-642 MONTHS	100%
642-648 MONTHS	100%
648-654 MONTHS	100%
654-660 MONTHS	100%
660-666 MONTHS	100%
666-672 MONTHS	100%
672-678 MONTHS	100%
678-684 MONTHS	100%
684-690 MONTHS	100%
690-696 MONTHS	100%
696-702 MONTHS	100%
702-708 MONTHS	100%
708-714 MONTHS	100%
714-720 MONTHS	100%
720-726 MONTHS	100%
726-732 MONTHS	100%
732-738 MONTHS	100%
738-744 MONTHS	100%
744-750 MONTHS	100%
750-756 MONTHS	100%
756-762 MONTHS	100%
762-768 MONTHS	100%
768-774 MONTHS	100%
774-780 MONTHS	100%
780-786 MONTHS	1

P+I REC'D FROM _____ P+I INVESTED YES _____ NO _____

[illegible]

ACKNOWLEDGMENT OF NOTICE AND ASSIGNMENT

TO: Irving Trust Company
One Wall Street
New York, NY 10015

Reference is made to the Purchase/Refurbishment Agreement, dated as of September 30, 1987 (the "Purchase/Refurbishment Agreement"), between MLB Consulting Corp., Delaware corporation (the "Borrower") and Wilson Railway Corp., an Iowa corporation (the "Company"), relating to the sale and refurbishment of the units of railroad locomotives described in Schedule A thereto. Words and phrases not otherwise defined herein shall have the meanings assigned thereto in the Purchase/Refurbishment Agreement.

The Company has been notified by the Borrower that the Borrower has assigned, transferred and granted a security interest in the Purchase/Refurbishment Agreement to Irving Trust Company (the "Lender") as collateral security for the obligations of the Borrower to the Lender under a Secured Credit Agreement between the Borrower and the Lender, dated as of October 2, 1987.

The Company, intending to be legally duly bound hereby and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Company, does hereby:

A. Acknowledge and consent to the assignment by the Borrower to Lender, for security purposes, of all of the Borrower's right, title, interest, claims and demands of the Borrower in, to and under the Purchase/Refurbishment Agreement including without limitation:

(i) the immediate and continuing right to receive and collect all payments, insurance proceeds and other revenues, receipts, tenders and security now or hereafter payable to or receivable by the Borrower as lessor under the Purchase/Refurbishment Agreement;

(ii) the right to make all waivers and amendments and to enter into any agreements relating to the Purchase/Refurbishment Agreement or any provisions thereof; and

(iii) the right to take such action upon the occurrence of a default under the Purchase/Refurbishment Agreement as shall be permitted by the Purchase/Refurbishment Agreement or by law, and to do any and all other things whatsoever which the Borrower is or may be entitled to do under the Purchase/Refurbishment Agreement.

B. Acknowledge and agree that, notwithstanding the assignment for security purposes by the Borrower to Lender, the Lender has not assumed and does not assume the responsibility to discharge or perform any liability, duty or obligation of the Borrower to be performed under the Purchase/Refurbishment Agreement; and the Company agrees that it shall look solely to the Borrower for the discharge, performance or satisfaction of any such liability, duty or obligation.

C. Represent and warrant that the Purchase/Refurbishment Agreement and this Acknowledgment of Notice and Assignment have been duly authorized, executed and delivered by the Company and constitute the legal, valid and binding agreements of the Company enforceable against the Company in accordance with their respective terms.

D. Represent and warrant that no default, or event which with the lapse of time or giving of notice, or both, would constitute a default under the Purchase/Refurbishment Agreement has occurred and is continuing.

E. Represent and warrant that no offset or deduction exists with respect to the Company's obligation to complete work which it is required to complete under the Purchase/Refurbishment Agreement or to pay any sums payable by the Company under and pursuant to the terms of the Purchase/Refurbishment Agreement.

F. Agree to provide copies of notices or any other communications, from the Company to the Borrower to the Lender at the following address:

Irving Trust Company
One Wall Street
New York, New York 10015

Attention: Transportation Department

G. Represent and warrant that the document attached as Exhibit A hereto is a true, correct and complete copy of the Purchase/Refurbishment Agreement, that such document has not since the date of its execution and delivery been amended or modified in any respect and that the Purchase/Refurbishment Agreement sets forth the entire agreement between the Borrower and the Company with respect to the subject matter thereof.

This Acknowledgment of Notice and Assignment, when accepted by Lender by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of New York and, for all purposes, shall be construed in accordance with the laws of said state.

WILSON RAILWAY CORP.

By _____
Its _____

ACCEPTED:

IRVING TRUST COMPANY

By _____
Its _____

Dated: October 2, 1987

ACKNOWLEDGMENT OF NOTICE AND ASSIGNMENT

TO: Irving Trust Company
One Wall Street
New York, NY 10015

Reference is made to the Locomotive Purchase Agreement dated as of September 1, 1987 (the "Purchase Agreement") between MLB Consulting Corp., a Delaware corporation ("Seller"), and Wisconsin Central Ltd., an Illinois corporation ("Purchaser"), relating to the purchase of the units of railroad locomotives described in Schedule A thereto. Words and phrases not otherwise defined herein shall have the meanings assigned thereto in the Purchase Agreement.

Buyer has been notified by Seller that Seller has assigned, transferred and granted a security interest in the Purchase Agreement to Irving Trust Company (the "Lender") as collateral security for the obligations of the Seller to the Lender under a Secured Credit Agreement between the Seller and the Lender, dated as of October 2, 1987.

Buyer, intending to be legally bound hereby and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Buyer, does hereby:

A. Acknowledge and consent to the assignment by Seller to Lender, for security purposes, of all of Seller's right, title, and interest, and claims and demands of Seller in, to and under the Purchase Agreement, including without limitation:

(i) the immediate and continuing right to receive and collect all payments, insurance proceeds and other revenues, receipts, tenders and security now or hereafter payable to or receivable by Seller as lessor under the Purchase Agreement;

(ii) the right to make all waivers and amendments and to enter into any agreements relating to the Purchase Agreement or any provisions thereof; and

(iii) the right to take such action upon the occurrence of a default under the Purchase Agreement as shall be permitted by the Purchase Agreement or by law,

and to do any and all other things whatsoever which Seller is or may be entitled to do under the Purchase Agreement.

B. Acknowledge and agree that, notwithstanding the assignment for security purposes by Seller to Lender, the Lender has not assumed and does not assume the responsibility to discharge or perform any liability, duty or obligation of Seller to be performed under the Purchase Agreement and the Buyer agrees that it shall look solely to Seller for the discharge, performance or satisfaction of any such liability, duty or obligation.

C. Represent and warrant that the Purchase Agreement and this Acknowledgment of Notice and Assignment have been duly authorized, executed and delivered by the Buyer and constitute the legal, valid and binding agreements of the Buyer enforceable against the Buyer in accordance with their respective terms.

D. Represent and warrant that no default, or event which with the lapse of time or giving of notice, or both, would constitute a default under the Purchase Agreement has occurred and is continuing.

E. Represent and warrant that no offset or deduction exists with respect to Buyer's obligation to pay any sums payable by the Buyer under and pursuant to the terms of the Purchase Agreement, except as set forth therein.

F. Agree to make all payments to be made by it under the Purchase Agreement directly to Lender at the following address, or such other address as Lender shall notify to Buyer in writing:

Irving Trust Company
One Wall Street
New York, New York 10015

Payment Instructions:
MLB Consulting Corp.
Account No. _____

G. Represent and warrant that the document attached as Exhibit A hereto is a true, correct and complete copy of the Purchase Agreement, that such document has not since the date of its execution and delivery been amended or modified in any respect and that the Purchase Agreement sets forth the entire agreement between the Seller and Buyer with respect to the subject matter thereof.

This acknowledgment of Notice and Assignment, when accepted by Lender by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of New York and, for all purposes, shall be construed in accordance with the laws of said state.

WISCONSIN CENTRAL LTD.

By _____
Its _____

ACCEPTED:

IRVING TRUST COMPANY

By _____
Its _____

Dated: October __, 1987

Schedule 1

<u>New Road Unit No.</u>	<u>Description</u>	<u>Road No.</u>	<u>Builder's Serial No.</u>
4001	EMD GP35/38 Refurbished and Qualified 129-Ton, 2000 HP Locomotive	MP2602	7694-4
4002	EMD GP35/38 Refurbished and Qualified 129-Ton, 2000 HP Locomotive	MP2603	7694-6
4003	EMD GP35/38 Refurbished and Qualified 129-Ton, 2000 HP Locomotive	MP2605	7694-8
4004	EMD GP35/38 Refurbished and Qualified 129-Ton, 2000 HP Locomotive	MP2608	To be supplied
4005	EMD GP35/38 Refurbished and Qualified 129-Ton 2000 HP Locomotive	MP2609	7706-7
4006	EMD GP35/38 Refurbished and Qualified 129-Ton 2000 HP Locomotive	MP2610	7706-9
4007	EMD GP35/38 Refurbished and Qualified 129-Ton 2000 HP Locomotive	MP2611	To be supplied
4008	EMD GP35/38 Refurbished and Qualified 129-Ton 2000 HP Locomotive	MP2612	7767-9
4009	EMD GP35/38 Refurbished and Qualified 129-Ton 2000 HP Locomotive	MP2613	7781-5
4010	EMD GP35/38 Refurbished and Qualified 129-Ton 2000 HP Locomotive	MP2614	7781-7
4011	EMD GP35/38 Refurbished and Qualified 129-Ton 2000 HP Locomotive	MP2616	7758-1